

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 FRB-03 NSC-05 IO-13 AID-05

CIAE-00 COME-00 INR-07 NSAE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 SSO-00 NSCE-00 INRE-00

USIE-00 /074 W

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O R 290943Z SEP 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 6006

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY MANILA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L LONDON 15479

DEPARTMENT PASS FRB

TREASURY FOR DONALD SYVRUD, OASIA

MANILA FOR USDEL TO BANK/FUND MEETING

E.O. 11652: GDS

TAGS: EFIN, UK

SUBJECT: UK APPLIES TO IMF FOR REMAINING CREDIT TRANCHES

1. HMTREASURY THIS MORNING ISSUED PRESS RELEASE ANNOUNC-  
ING AN APPROACH TO THE IMF. STATEMENT SAYS CHAN-  
CELLOR OF THE EXCHEQUER TODAY ANNOUNCED THAT HE IS INFORM-  
ING MANAGING DIRECTOR OF THE IMF OF HIS INTENTION TO AP-  
PLY FOR A STANDBY WHICH WOULD MAKE AVAILABLE TO THE UK  
ITS REMAINING CREDIT TRANCHES IN THE FUND.

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2. SENIOR OFFICIAL AT HMT REPORTS THAT WHILE PRESS RELEASE IS BRIEF, IN HIS OPINION THERE IS A CLEAR IMPLICATION THE UK WILL ALSO APPLY FOR THE 45 PERCENT ADDITIONAL INCREASE IN TRANCHES AVAILABLE AS RESULT OF JAMAICA AGREEMENT.

3. BOTH SIR DOUGLAS WASS, PERMANENT SECRETARY, HMT, AND SIR DEREK MITCHELL, SECOND PERMANENT SECRETARY, HMT, ARE IN HONG KONG FOR THE COMMONWEALTH FINANCE MINISTERS MEETING. SENIOR OFFICIAL IN CHARGE OF THE SITUATION AT THE MOMENT IS RUSSELL BARRATT, DEPUTY SECRETARY. HE REPORTS THAT FROM HERE ON, IT'S A MATTER OF WAIT AND SEE. THERE IS NO DISPOSITION IN HMT NOR AMONG MINISTERS TO CHANGE EXISTING POLICIES. "MINISTERS ARE COMPLETELY CONVINCED THAT NO CHANGE IN EXISTING BROAD STRATEGY IS PRACTICABLE OR DESIRABLE. THERE IS NO TALK OF SURRENDERING TO THE NOSTRUMS OF THE LEFT WING OF THE LABOR PARTY. THERE IS NO TALK OF SIGNIFICANT POLICY CHANGES."

4. INITIAL EFFECT OF ANNOUNCEMENT WAS SLIGHTLY BENEFICIAL ON FOREIGN EXCHANGE MARKETS. STERLING OPENED AT \$1.6475, ROSE TO \$1.6530, JUMPED TO \$1.6680 ON CHANCELLOR'S ANNOUNCEMENT, BUT AT 10:30 AM LONDON TIME HAD SLIPPED BACK TO \$1.6580. FIRST MARKET COMMENTS ARE GENERALLY SKEPTICAL; I.E., IT'S BORROWING LONG TO REPLACE SHORT-TERM BORROWING, BUT WHAT ELSE, IF ANYTHING, WILL HAPPEN. THERE IS STILL NO MARKET CONVICTION THAT GOVERNMENT CAN FORCE THROUGH TOUGH DOMESTIC POLICIES. BANK OF ENGLAND REPORTS IT IS IN THE MARKET IN A "STEADYING WAY," IRONING OUT SUPPLY AND DEMAND, BUT WITHOUT GIVING "GUIDANCE OR BASIC INFLUENCE" TO THE RATE.

ARMSTRONG

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, ECONOMIC ASSISTANCE, PRESS RELEASES, INTERNATIONAL ORGANIZATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UK APPLIES TO IMF FOR REMAINING CREDIT TRANCHES  
**TAGS:** EFIN, UK, IMF  
**To:** STATE TRSY  
**Type:** TE  
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